



*A broad-based coalition to preserve the integrity of  
Michigan's model No-Fault Insurance System*

216 N. Chestnut Street, Lansing, MI 48933 (517) 882-1096

www.CPAN.us Facebook.com/ProtectNoFault

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May 24, 2012

The Honorable State Representative Pete Lund, Committee Chair  
Michigan House of Representatives Insurance Committee  
374 Capitol Building  
Lansing, MI 48909

**RE: HB 5587, 5588, 5589 and 4933**

Chairman Lund and Members of the House Insurance Committee:

My name is John Cornack and I am President of the Coalition Protecting Auto No-Fault and President of the Eisenhower Center, a neurobehavioral residential center. Thank you for the opportunity to testify about CPAN's stance on these four bills. The No-Fault system in Michigan is among the best in the country and these proposed changes are damaging to the goals and potential care provided to those who have suffered catastrophic injuries.

First off, HB 5587:

- This bill would likely disqualify both the operator and passengers of the vehicle, as they would probably all be considered "using" the vehicle.
- Our concern about this bill is that it is overly broad in defining the type of crime that would result in PIP disqualification. In other words, it is not limited to crimes of violence, sexual assault, theft-related crimes, kidnapping, etc. Rather, it requires PIP disqualification across the board merely because of the length of potential imprisonment that may be involved in the crime.
- For example, would a person be disqualified from PIP benefits if they were injured on the way home from the post office after mailing a payment on a bill with a check written on insufficient funds?

CPAN is not inherently against this bill, but cannot support its advancement with some of these concerns left unaddressed. We feel the bill in its current state is too ambiguous and this will lead to a decrease in the healthcare of deserving recipients. We support the exclusion of certain crimes from this privilege, but the language describing these exceptions must be precise so there are no unintended victims. We have reached out to Representative Denby seeking the opportunity to work with her to narrow the scope of crimes resulting in disqualification.

**HB 5588:**

CPAN vehemently opposes House Bill 5588 for the following reasons:

- This bill disqualifies any person who operates a motor vehicle or motorcycle while intoxicated, impaired, or with blood chemistry levels in violation of the motor vehicle code section 625. This would include many commonly prescribed pain medications prescribed by physicians that do not prohibit motor vehicle use such as the codeine family of drugs.
- The alcohol disqualification is without regard to whether the injured person's consumption of alcohol had anything to do with the injuries that were sustained.
- For example, if any of you had a beer or two after work and were involved in a motor vehicle accident caused by a drunk driver running a red light rendering you a quadriplegic, could your PIP benefits be in jeopardy even though you were in no way at fault for the accident.
- Contrary to the concept of our no-fault statute, HB 5588 reintroduces major fault principles into the payment of no-fault PIP benefits which are intended to be payable to all of our citizens regardless of whether they caused an accident.
- If this bill passes, it will likely have major economic consequences for hospitals and medical providers. It is a well-known fact that a significant number of serious injury accidents involve drivers who have been drinking. In fact, approximately 38% of fatal accidents in Michigan fall into this category.
- Recent statistics show that there are over 70,000 motor vehicular bodily injury accidents every year, 6175 of those crashes involve alcohol/drugs or both per the 2010 State Police Drunk Driving Audit. Therefore, this bill would disqualify thousands of people every year from receiving no-fault PIP benefits due to alcohol use, thereby causing great financial hardship for emergency rooms, trauma centers, and physicians who render medical treatment to these drivers but will not receive

payment for their services, thus, putting more strain on health insurers and Medicaid.

From the introduction of fault-like measures and massive consequences for small mistakes to financial burden for our hospitals and healthcare facilities, this bill is dangerous. HB 5588 is onerous and far reaching and would likely result in thousands of severely injured people not eligible for funding for critically important medical care.

**HB 5589:**

- The language in this bill is so broad that it could easily apply to a minor who takes his parent's vehicle in violation of their instruction, picks up a friend (joyriding), and then is involved in a serious accident resulting in catastrophic injuries to both the driver and the passenger. The minor driving the vehicle would be disqualified if the taking was deemed to be "unlawful." The passenger would also be disqualified if there was reason to believe that the driver did not have permission to use his parent's vehicle.

Again, CPAN would be willing to work with the bill sponsor, Representative Glardon.

Finally related to **HB 4993:**

CPAN is not familiar enough on the process, or timeframes involved, for immigrants that are currently seeking legal status but are undocumented to offer a position on the bill at this time. For example: What if an individual is gainfully and legally employed and in the process of seeking citizenship (a process that can take years to complete). Would this person be disqualified?

Again, thank you for the opportunity to come before the committee to share our concerns for these bills. We appreciate your thoughtful consideration.

Sincerely,



John Cornack,  
CPAN, President  
Eisenhower Center, President